



Membership Report | January 2019

Agenda

- Financial Commentary
 - 2018 Budget/Actual Net Income
 - Actual/Budget Variance
 - Total Managed Assets – On- & Off-Balance Sheet
- 4Q Financial Review
 - Non-Interest Income Trends
 - Operating Expense Trends
 - Coverage Ratio
 - Off-Balance Sheet Activity – SimpliCD & ISI
- Liquidity Commentary
 - Historical Member Overnight Deposits
 - 2018 Average Monthly Member Borrowings
- Interest Rate Risk/Net Economic Value Report – November 2018
- Capital Commentary
- Board Meeting Recap
- Calendar of Events – February 2019



Financial Commentary

Net Income for December was \$330,095 above budget by \$32,299 or 10.8% for the month. Net interest income was \$53,820 or 10.2% higher than budget due to the higher yield on our floating rate investments and higher loan balances than budgeted. Non-interest income was under budget \$8,859 or 2.1% due to lower commission income as liquidity remains tight. Operating expenses were under budget by \$18,548 or 3.6%. CUSO loss was more the budget by \$21,081 due to a loss on our broker dealer CUSO. PCC dividends were above budget by \$11,513 or 10.0% due to providing a better return to our membership. The 2018 coverage ratio (fee income/operating expenses) ended the year at 76.6% which is greater than the goal of 75.1%.

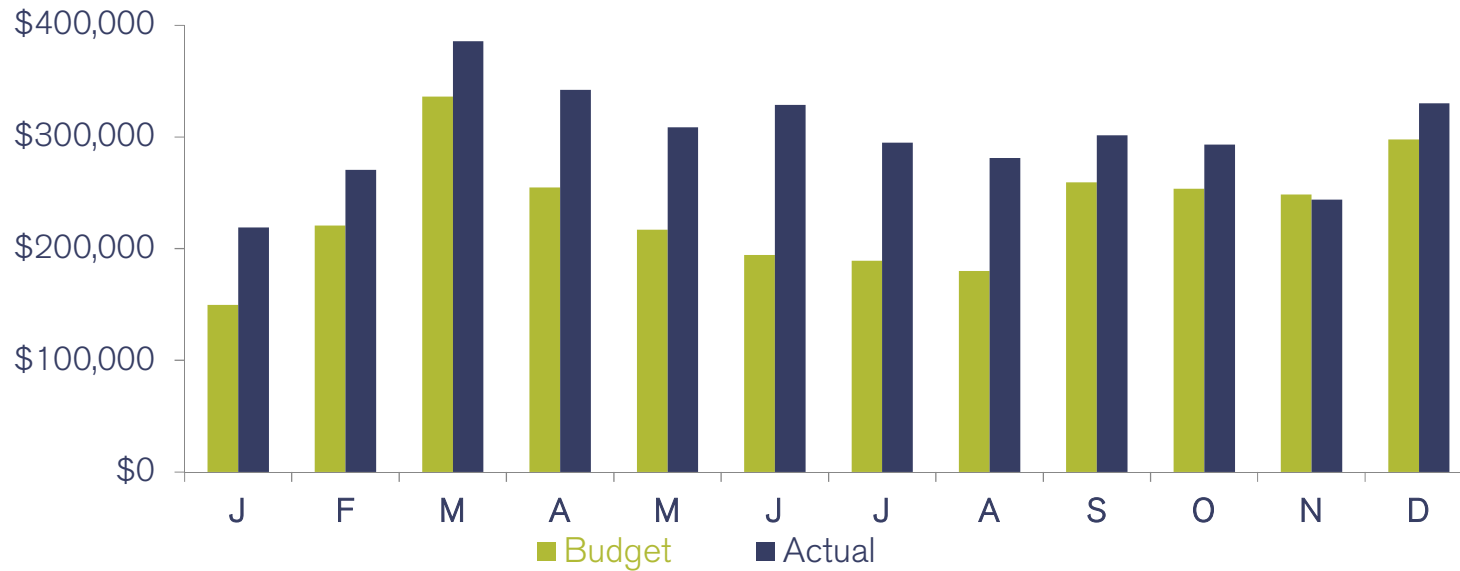
Return on Assets (ROA) for the year was 60.9 bps on average assets of \$590.9 million.

Millennium Corporate's daily average net assets (DANA) for the previous 12-month period – which is used for the calculation of our capital ratios – was \$590.9 million at the end of December, a decrease of \$1.5 million from the previous month.

Millennium Corporate is defined as “Well Capitalized” and we ended the month with Retained Earnings of \$16,502,507, representing a Retained Earnings ratio of 2.80% and a Tier 1 ratio of 11.49%.



2018 Budget/Actual Net Income



YTD Actual/Budget Variance

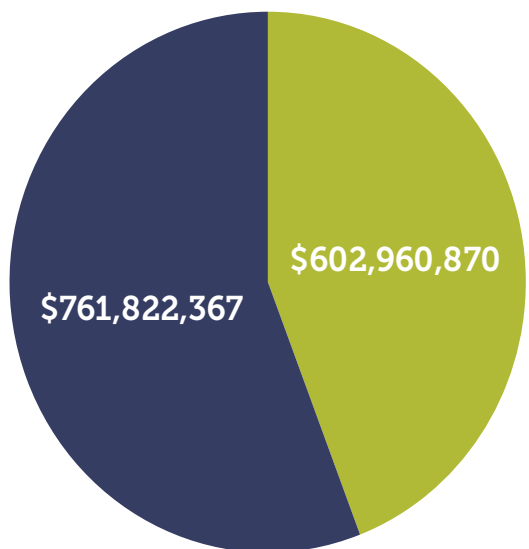
December 2018 YTD <i>(In Thousands)</i>	Actual 2018	Budget 2018	Variance
Net Interest Income	\$6,354.0	\$5,531.8	\$822.2
+ Non-Interest Income	\$4,832.4	\$4,744.2	\$88.2
- Operating Expenses	\$6,305.8	\$6,321.2	\$15.4
= Net Operating Income	\$4,880.6	\$3,954.8	\$925.8
+ CUSO Gains/Losses	(\$43.7)	\$49.1	(\$92.8)
- NCUSIF Premium	\$0.0	\$0.0	\$0.0
- PCC Dividends	\$1,227.8	\$1,202.6	(\$25.2)
+ Other Gains/Losses	(\$9.6)	\$0.0	(\$9.6)
= Net Income	\$3,599.5	\$2,801.3	\$798.2



Total Assets | On- and Off-Balance Sheet

December 2018

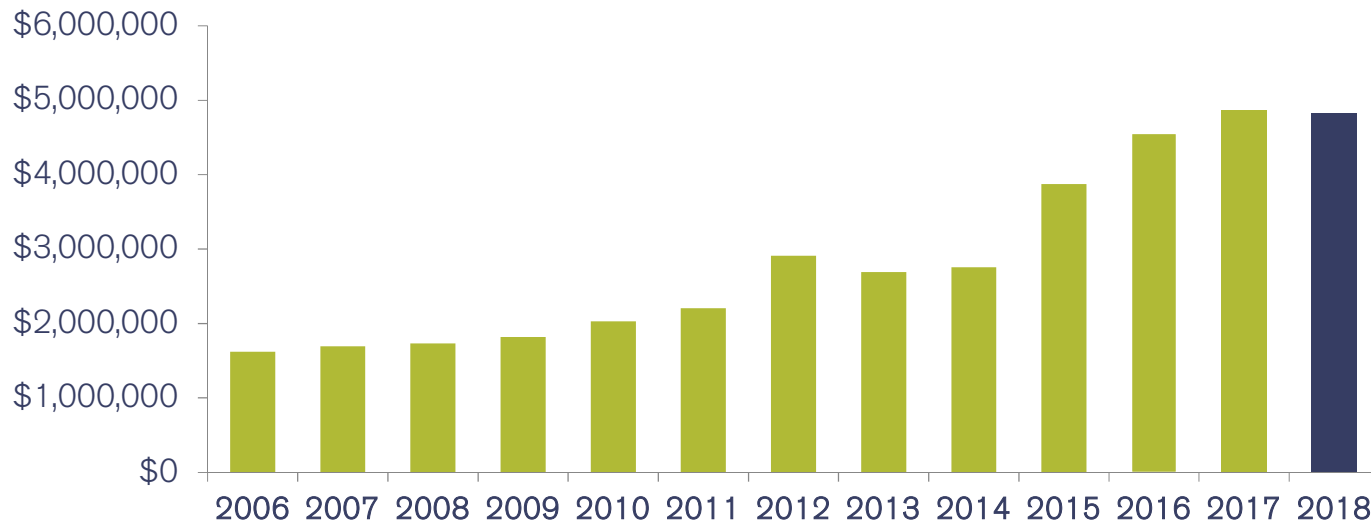
Total Managed Assets - \$1,364,783,237



■ On-Balance Sheet ■ Off-Balance Sheet*



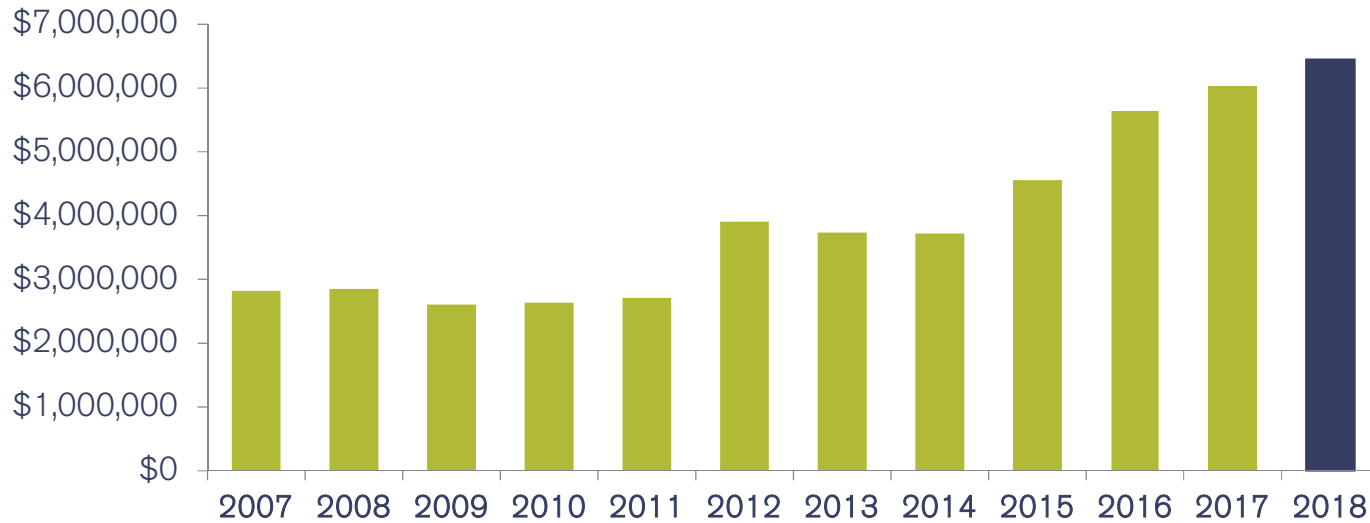
Annualized Non-Interest Income Trends



The 2018 budget projected a slight decrease in Non-Interest Income due to a projected decline in commission income. For the year, non-interest income exceeded the budget by 1.9%.



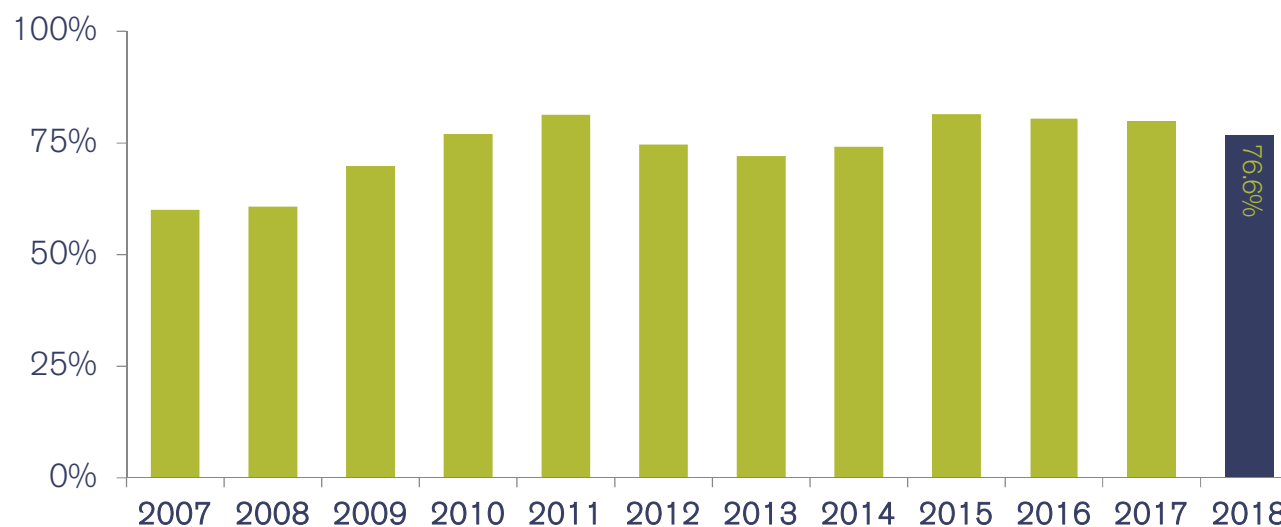
Annualized Operating Expense Trends



Operating Expenses ended the year under budget by (\$15,407) or (0.2%).



Coverage Ratio | Fee Income/Operating Expenses



The 2018 Coverage Ratio was budgeted to decline to 75.1% but for the year the actual ratio was 76.6% due to better non-interest income and the NCUSIF distribution.



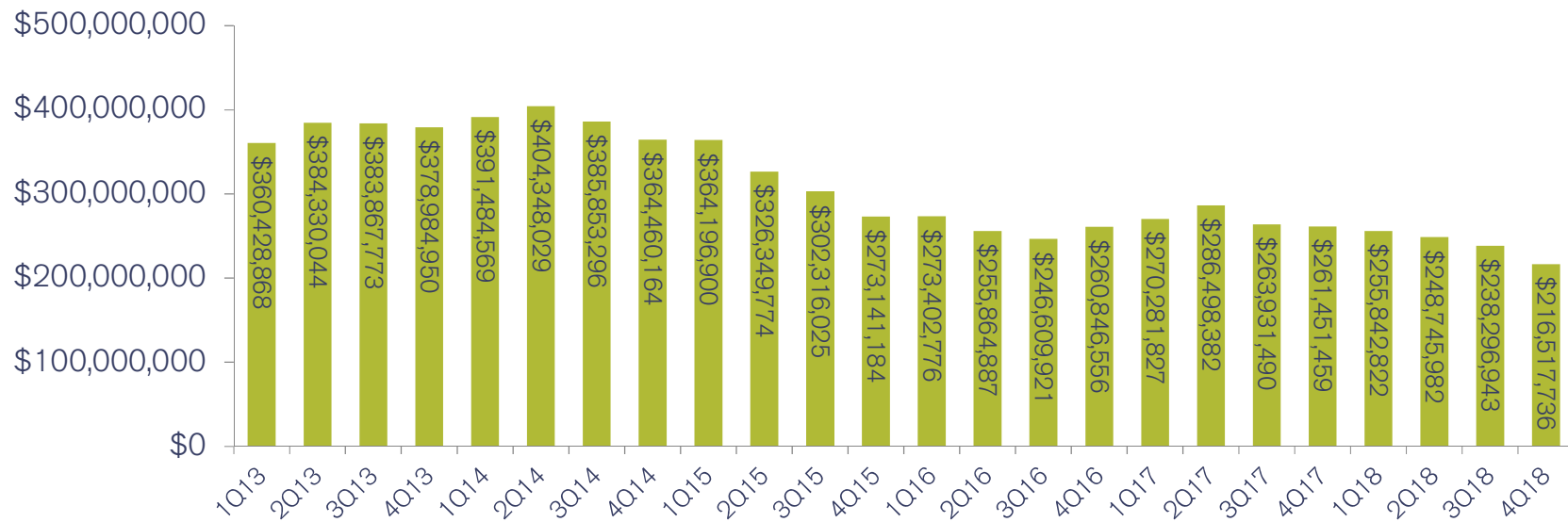
Total SimpliCD Outstanding



The Total SimpliCD outstanding amount started to decline during 2018 and ended December 2018 at \$519.4 million.



Total ISI Investments Outstanding



Outstanding securities sales peaked mid-year 2014. Since that time, loan growth has outpaced share growth – both nationally and regionally.



Liquidity Commentary

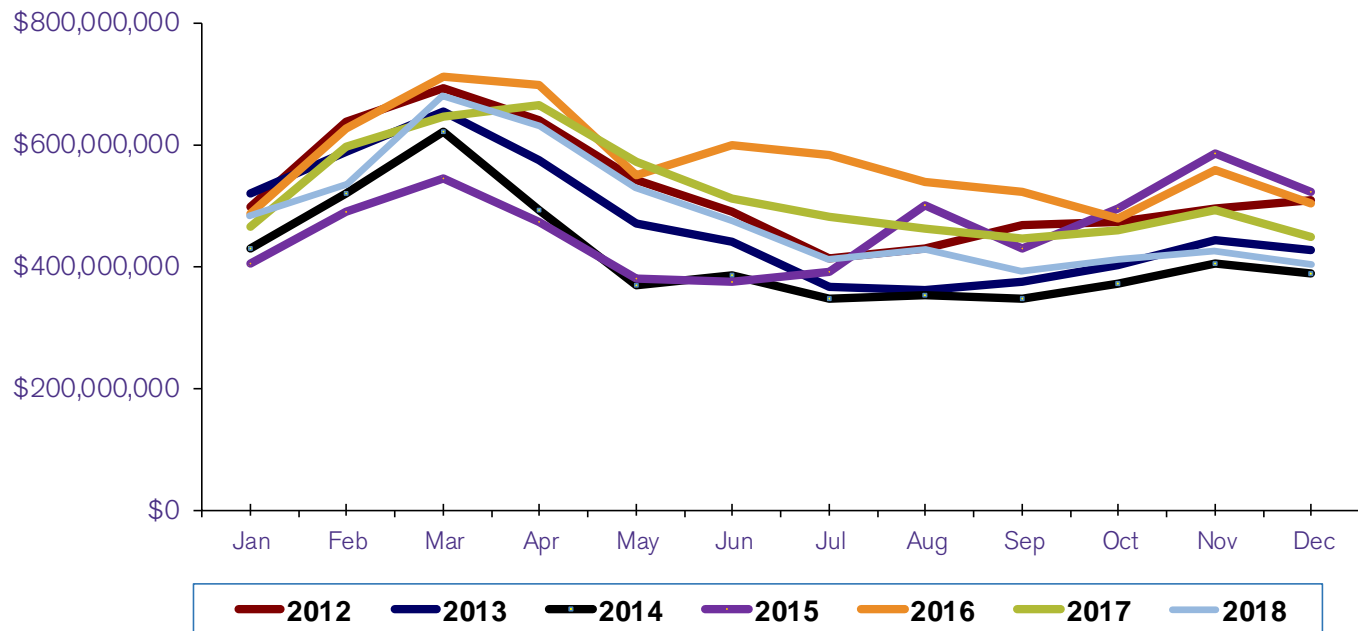
Millennium Corporate accessed our FHLB Line-of-Credit (LOC) multiple times in December 2018. Millennium Corporate currently has a Collateralized LOC of \$186.7 Million with the FHLB.

- Millennium's liquidity options remain sufficient to meet member needs.
- Average member credit union daily loan balances have remained high. Loan balances have averaged around \$50 million since mid-year 2018. For most of January 2019, loans have averaged \$55.6 million.
- December 2018 month-end figures show SimpliCD issuance totals of \$165.0 million and 23 users of this liquidity option.

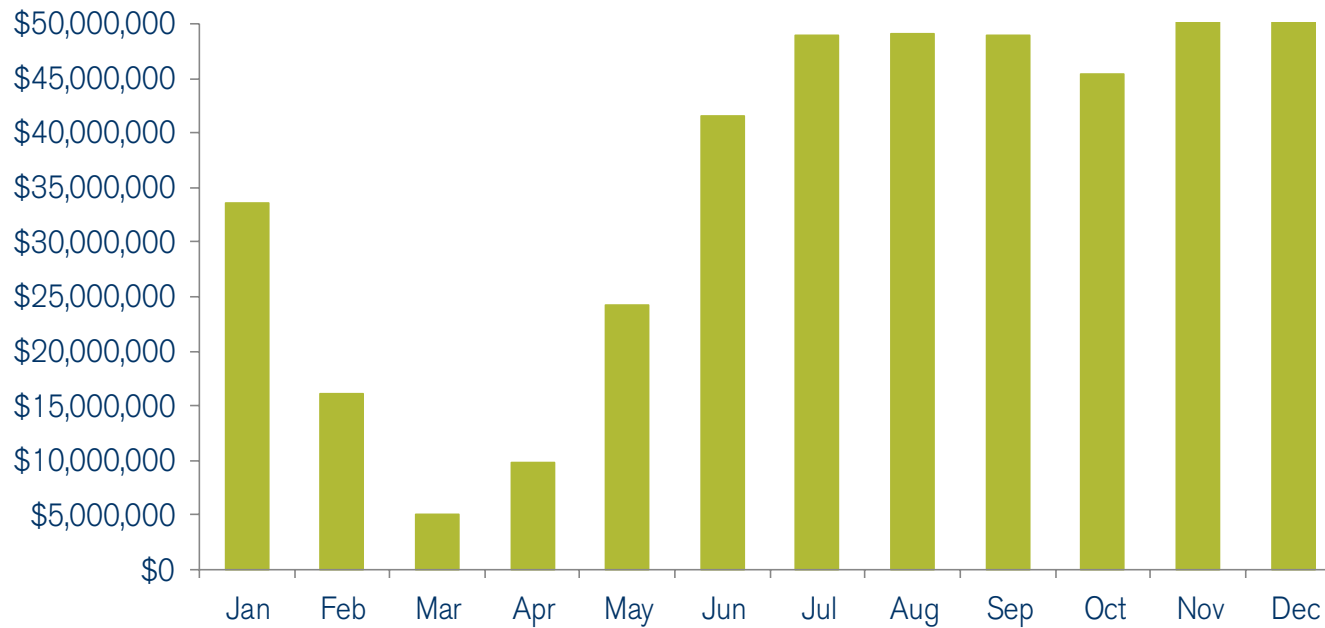
Graphical representations of the seasonal activity of member overnight deposits since 2012, and average member borrowing activity for 2018 follow this commentary.



Historical Member Overnight Deposits



2018 Average Monthly Member Borrowings



IRR | Net Economic Value (NEV)

NEV Testing Results November 2018						
	Net Economic Value (NEV)	NEV Dollar Change	NEV Percentage Change	NEV Ratio	Reg. Limits	Pass/Fail
-300 bps Increase in Interest Rates	\$71,356,461	+ \$223,811	+ 0.32%	11.09%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS
Base Case	\$71,132,650	-	-	11.06%	Minimum Ratio - 2%	PASS
+300 bps Increase in Interest Rates	\$70,296,380	(\$836,270)	(1.18%)	10.95%	Minimum Ratio - 2%	PASS
					Max % Change - (15%)	PASS

Millennium Corporate passes both the required minimum NEV ratio and the maximum change limitation in the +300 rate shock scenarios.



Capital Commentary

- Increase to Retained Earnings during the past 12 months, through November 2018, is \$3,599,491
- Retained Earnings ratio is 2.80% as of December 2018 versus 2.09%, one year ago
- Listed below are the capital ratios of the corporate credit union regulation, Millennium Corporate's December 2018 capital ratios, and the minimum regulatory requirement of each (where applicable).
 - Retained Earnings Ratio – 2.80% | Minimum requirement – 1.00%
 - Tier 1 Capital Ratio – 11.49% | Minimum Requirement – 4.00%
 - Tier 1 Risk-Based Capital Ratio – 85.8% | Minimum Requirement – 4.00%
 - Total Risk-Based Capital Ratio – 85.8% | Minimum Requirement – 8.00%
 - GAAP Capital – 11.97%



Board Meeting Recap

Board of Director's Meeting – January 24, 2019

- Approved December 2018 Financial Statements & Committee Reports.
- Approved November 2018 Net Economic Value (NEV) Reports.
- Received updates on the following initiatives from management..
 - Discussion on the upcoming planning session for the Corporate CU Alliance and quarterly meeting with NCUA the last week January
 - Update on our CUSO investments
 - Finalized our marketing/sponsorships and advocacy opportunities for 2019
 - Overview of the December 2018 concentration report
 - Tenbrink & Associates on-site for planning the year-end financial audit
 - The updated targets and goals as of Dec 2018 were provided
 - January PCC rate will be 2.80% - 0.40% higher than the current fed funds effective
 - For 2018, Millennium paid \$6,425,577 in dividends to members and \$1,227,816 to PCC holders for a combined total of \$7,653,393 for the year.



Board Meeting Recap

Board of Director's Meeting – January 24, 2019

- Approved the 2019 Budget with the following outcomes:
 - ROA of 55.6 bps
 - Net Income - \$3.2 Million
 - 2019 Daily Average Net Assets - \$577.8 Million
 - Projected December 2019 Retained Earnings Ratio of 3.41%
 - Projected December 2019 Tier 1 Capital Ratio of 12.31%
- Millennium staff provided an Executive Summary of the 2019 Marketing Plan and the 2019 Marketing Goals



February 2019

Calendar of Events



Monday	Tuesday	Wednesday	Thursday	Friday
28	29	30	31	1
4 NCUL Jam the Unicam Lincoln, NE	5 HCUA Kansas Day at the Capitol – Topeka, KS	6	7 CU Business Group & Their Fast Track A FREE WEBINAR	8
11 Millennium Corporate Supervisory Committee Meeting	12 MONDAK CEO Roundtable Las Vegas, NV	13 MONDAK CEO Roundtable Las Vegas, NV HCUA Missouri Day at the Capitol – Jefferson City, MO Millennium Corporate Credit Committee Meeting	14	15
18 Presidents' Day – Millennium Corporate Offices Closed	19	20	21 Millennium Corporate Board & ALCO Meetings	22
25	26	27	28	1